

AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA  
REGARDING THE CONSOLIDATION AND REDUCTION OF  
CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED  
BY THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America (the "United States") and the Government of the Republic of Zambia ("Zambia") agree as follows:

*MA*

*ML*

## ARTICLE I

### Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Republic of Zambia agreed upon on September 13, 2002, the applicable domestic laws of the United States and Zambia, and the September 1999 commitment of the President of the United States to provide 100 percent debt forgiveness to certain Heavily Indebted Poor Countries, the United States and Zambia hereby agree to the consolidation and reduction of certain Zambian payments due as a result of debts owed to, guaranteed, or insured by the United States Government or its Agencies.
2. With respect to amounts due to the Export-Import Bank of the United States (Eximbank), Eximbank will notify Zambia of the amounts reduced hereunder. This Agreement will be further implemented by a separate agreement (the Implementing Agreements) between the United States and Zambia concerning PL 480 Title I credits (PL 480), which are administered by United States Department of Agriculture (USDA).

## ARTICLE II

### Definitions


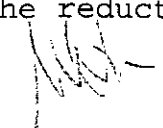
1. "Contracts" mean

(a) commercial credits guaranteed or insured by the United States and its Agencies, having an original maturity of more than one year, and which were extended to the Government of the Republic of Zambia or covered by its guarantee pursuant to a contract or other financial arrangement concluded before June 20, 1999;

(b) loans issued by the United States and its Agencies, which had original maturities of more than one year and were concluded before June 20, 1999; and

(c) the bilateral debt rescheduling agreements concluded between the United States and Zambia on July 25, 1986, September 14, 1990, March 23, 1993, September 26, 1997, and November 19, 1999.

A table listing the relevant contracts to be included under the reduction is attached hereto as Annex A.



Debt service due as a result of debts described above and effected through special payments mechanisms or other external accounts is covered by this Agreement.



2. "Agencies" mean Eximbank and the USDA.
3. "Consolidation Period" means January 1, 2001 to March 31, 2003 provided that provisions outlined in Article IV, paragraph 1 of this Agreement are fulfilled.
4. "Consolidated Debt" means 100 percent of principal and interest falling due during the Consolidation Period under the Contracts specified in subparagraphs 1(a), 1(b) and 1(c) of this Article.
5. "Consolidated Arrears" mean 100 percent of the amounts of unpaid principal and interest, including Late Interest Charges, due as of December 31, 2000, inclusive, under the Contracts specified in subparagraphs 1(a), 1(b) and 1(c) of this Article.
6. "Minute" means the Agreed Minute on the Consolidation of the Debt of Zambia dated 13 September 2002.
7. "Participating Creditor Countries" means creditor countries that are signatories to the Minute.
8. "Completion Point" means the date on which the Boards of the International Monetary Fund (IMF) and the World Bank decide that the Republic of Zambia has reached its completion point as defined under the enhanced Heavily Indebted Poor Countries Initiative.

### ARTICLE III

#### Terms and Conditions of Payment

1. Subject to the terms of Article IV, the amount equal to 100 percent of the Consolidated Debt and Consolidated Arrears are hereby cancelled.

Tables summarizing the amount of Consolidated Debt and Consolidated Arrears to be forgiven are attached hereto as Annex B and C, respectively.



2. Adjustments in the amounts of Consolidated Debt and Consolidated Arrears may be made in writing, as necessary and by mutual consent.

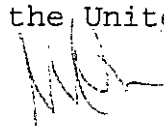

#### ARTICLE IV

##### General Provisions

1. The provisions of Article III shall continue to apply through March 31, 2003 provided that Zambia maintains an appropriate relationship with the IMF.
2. Zambia shall seek to secure from external public or private creditors restructuring arrangements on terms comparable in net present value to those set forth in the Minute for credits of comparable maturity, making sure to avoid inequity between different categories of creditors.
3. Zambia agrees to pay all debt service due as of November 30, 2002 and not paid which is owed to, guaranteed by, or insured by, the United States or its Agencies, but which is not covered by this Agreement as soon as possible, but no later than 35 days after the date of signature of this Agreement. Late interest will be charged on these amounts in accordance with the terms of the respective agreements.
4. Except as may be modified by this Agreement, all terms of the Contracts remain in full force and effect.
5. With respect to amounts owed to Eximbank, Zambia (referred to as the "Government" in Annex D hereto) agrees to the additional terms and conditions set forth in Annex D.

#### Article V

##### Subsequent Debt Reduction

1. If Zambia maintains satisfactory financial relations with the Participating Creditor Countries, fully implements all external debt agreements signed with them, maintains a sound adjustment track record, and the Boards of the IMF and the World Bank decide that Zambia has reached its Completion Point, the United States agrees, in principle, to participate
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in a Paris Club meeting convened for the purpose of considering treatment of Zambia's stock of debt. The United States agrees, in the context of equitable burden sharing among creditors, to take such actions as it deems appropriate to enable Zambia to reach its debt sustainability objective.

2. The United States agrees, in principle, to cancel 100 percent of the principal outstanding under the Contracts, as modified by this Agreement or any other agreements reached between Zambia and the Participating Creditor Countries, if the Participating Creditor Countries convene a meeting to discuss the treatment of Zambia's stock of debt and agree at that meeting to reduce Zambia's stock of debt.
3. If, following the conclusion of the Consolidation Period, but prior to the meeting referred to in Article V, paragraph 1, the Paris Club determines that conditions in Zambia warrant additional interim debt relief, the United States intends to cancel 100 percent of Zambia's principal and interest falling due during the interim period agreed to by the Paris Club.

#### ARTICLE VI

##### Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Zambia. In particular, the United States of America may terminate all or part of this Agreement if the Participating Creditor Countries determine that Zambia has not met its obligations under the Minute, including those of comparable treatment. If the United States terminates all or part of this Agreement, all payments consolidated and cancelled under this Agreement shall be due and payable immediately upon notification to Zambia of termination. Such installments shall be payable in accordance with the terms of the underlying Contracts.
2. This Agreement may be amended or modified by mutual consent of the United States and Zambia.

#### ARTICLE VII

##### Entry into Force

*[Handwritten signature]*

*[Handwritten signature]*

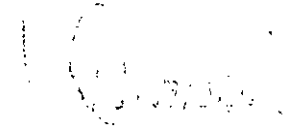
This Agreement shall enter into force following signature of the Agreement and written notice to Zambia by the United States that all necessary domestic legal requirements for entry into force of the Agreement have been fulfilled.

Done at Lusaka, Zambia, in the English language this 3rd day of November, 2003.



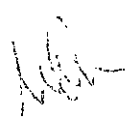
FOR THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA:

Ng'andu Peter Magande



FOR THE GOVERNMENT OF  
THE REPUBLIC OF ZAMBIA:

Martin Brennan



Annex A  
Contracts Subject to Consolidation and Reduction

Export-Import Bank

Loan Number

R-160	R-189
R-222	R-245

USDA PL 480

8/24/76	6/20/82	3/10/89
12/03/76	7/17/84	12/21/89
8/04/78	7/9/85	9/14/90
7/19/79	5/23/86	3/23/93
12/21/79	7/27/87	9/26/97
7/22/81	4/25/88	11/19/99

Annex B  
Summary of Consolidated Debt  
(thousands of US dollars)

Eximbank	\$23,248
PL 480	\$10,704
Total	\$33,952

Annex C  
Summary of Consolidated Arrears  
(thousands of US dollars)

Total	\$ 0
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Annex D  
Additional Terms and Conditions with Respect to  
Amounts Owning to Eximbank

The Government of the Republic of Zambia, (hereinafter referred to as the "Government"), agrees to the following additional terms and conditions with respect to the amounts owing to Eximbank, guaranteed by Eximbank, or insured by Eximbank, pursuant to the attached Agreement between the United States of America and the Government:

A. Representations. The Government represents and warrants that it has taken all action necessary or advisable under its laws and regulations to authorize the execution, delivery and performance of this Agreement and that this Agreement constitutes the valid and binding obligations of the Government, enforceable against the Government in accordance with its terms and for the performance of which the full faith and credit of the Government is pledged. The Government acknowledges that the activities contemplated by this Agreement are commercial in nature rather than governmental or public and agrees that, to the extent that it has or hereafter may acquire immunity from suit, judgment and/or execution, it will not assert or claim any such right of immunity with respect to any action by Eximbank to enforce its obligations under this Agreement.

B. Miscellaneous Provisions.

1. Expenses. The Government shall pay on demand all reasonable costs and expenses incurred by or charged to Eximbank in connection with or arising out of this Agreement, including without limitation costs and legal fees incurred by or charged to Eximbank in connection with the enforcement of this Agreement.

2. Adjustments. On or about 135 days after the execution of this Agreement, Eximbank shall inform the Government of the actual amounts to be reduced hereunder. The parties hereto agree to make any necessary adjustments to the amounts being reduced under this agreement.

3. Communications. All communications between the Government and Eximbank under this Agreement shall be in writing, in the English language (or accompanied by an accurate English translation). All communications to the Government shall be addressed to the Government at the address designated by the Government from time to time in writing to Eximbank; all communications to Eximbank shall be addressed to Eximbank at the following address:

*ML*

*ML*



Export-Import Bank of the United States  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571  
Attention: Treasurer-Controller, Ref: Loan R-265  
Telex: 89461 EXIMBANK WSH  
197681 EXIM UT  
Facsimile: (202) 565-3294

4. Governing Law. The Eximbank portion of this Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.